



Use this worksheet to figure investment income for the earned income credit when you file Form 1040.

Interest and Dividends

1. Enter any amount from Form 1040, line 8a. 1. _____
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. 2. _____
3. Enter any amount from Form 1040, line 9a. 3. _____
4. Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (If your child received an Alaska Permanent Fund dividend, use Worksheet 2, on the next page, to figure the amount to enter on this line.) 4. _____

Capital Gain Net Income

5. Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter -0-. 5. _____
6. Enter any gain from Form 4797, Sales of Business Property, line 7. If the amount on that line is a loss, enter -0-. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9 instead.) 6. _____
7. Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter -0-.) 7. _____

Royalties and Rental Income from Personal Property

8. Enter any royalty income from Schedule E, line 4, plus any income from the rental of personal property shown on Form 1040, line 21. 8. _____
9. Enter any expenses from Schedule E, line 21, related to royalty income, plus any expenses from the rental of personal property deducted on Form 1040, line 36. 9. _____
10. Subtract the amount on line 9 of this worksheet from the amount on line 8. (If the result is less than zero, enter -0-.) 10. _____

Passive Activities

11. Enter the total of all net income or losses from qualified joint ventures that are passive activities with rental real estate income reported on your (and your spouse's) Schedule C, line 31, or Schedule C-EZ, line 3, but not included in net earnings from self-employment. Do not include this amount on line 12 or 13 below. 11. _____
12. Enter the total of any net income from passive activities (such as income included on Schedule E, lines 26, 29a (col. (g)), 34a (col. (d)), or 40). (See instructions below for lines 12 and 13.) Do not include any amount you included on line 11 above. 12. _____
13. Enter the total of any losses from passive activities (such as losses included on Schedule E, lines 26, 29b (col. (f)), 34b (col. (c)), or 40). (See instructions below for lines 12 and 13.) Do not include any amount you included on line 11 above. 13. _____
14. Combine the amounts on lines 11, 12 and 13 of this worksheet. (If the result is less than zero, enter -0-.) 14. _____
15. Add the amounts on lines 1, 2, 3, 4, 7, 10, and 14. Enter the total. **This is your Investment Income.** 15. _____
16. Is the amount on line 15 more than **\$3,100**?
 - ☐ **Yes.** You cannot take the credit.
 - ☐ **No.** Go to *Step 3* of the Form 1040 instructions for lines 64a and 64b to find out if you can take the credit (unless you are using this publication to find out if you can take the credit; in that case, go to *Rule 7*, next).

Instructions for lines 12 and 13. In figuring the amount to enter on lines 12 and 13, do not take into account any royalty income (or loss) included on line 26 of Schedule E or any amount included in your earned income. To find out if the income on line 26 or line 40 of Schedule E is from a passive activity, see the Schedule E instructions. If any of the rental real estate income (or loss) included on Schedule E, line 26, is not from a passive activity, print "NPA" and the amount of that income (or loss) on the dotted line next to line 26.



Complete this worksheet only if Form 8814 includes an Alaska Permanent Fund dividend.

Note. Fill out a separate Worksheet 2 for each Form 8814.

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| 1. Enter the amount from Form 8814, line 2a. | 1. _____ |
| 2. Enter the amount from Form 8814, line 2b. | 2. _____ |
| 3. Subtract line 2 from line 1. | 3. _____ |
| 4. Enter the amount from Form 8814, line 1a. | 4. _____ |
| 5. Add lines 3 and 4. | 5. _____ |
| 6. Enter the amount of the child's Alaska Permanent Fund dividend. | 6. _____ |
| 7. Divide line 6 by line 5. Enter the result as a decimal (rounded to at least three places). | 7. _____ |
| 8. Enter the amount from Form 8814, line 12. | 8. _____ |
| 9. Multiply line 7 by line 8. | 9. _____ |
| 10. Subtract line 9 from line 8. Enter the result on line 4 of Worksheet 1. | 10. _____ |
- (If filing more than one Form 8814, enter on line 4 of Worksheet 1 the total of the amounts on line 10 of all Worksheets 2.)*